

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2331 - SB 2289

March 30, 2009

SUMMARY OF BILL: Authorizes the Commissioner of Revenue to accept credit and debit cards for payment of titling and registration fees and taxes. Increases from \$5.00 to \$5.50 the fee for noting or transferring liens or encumbrances on certificates of title for motor vehicles when the transaction does not involve a change of ownership. Increases from six to seven the number of characteristics allowable on a regular passenger motor vehicle license plate. Revises other various provisions for governing taxation and the titling, registration, and regulation of motor vehicles.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$395,400/General Fund

Decrease State Expenditures - \$1,718,000/Highway Fund

Assumptions:

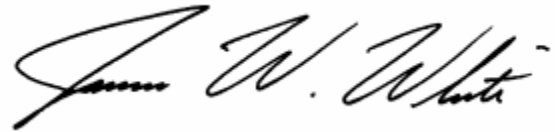
- The Department of Revenue (DOR) has indicated that any additional costs incurred by the Department for accepting credit and debit cards for payment of titling and registration fees and taxes is expected to be offset by a reduction of other expenditures associated with bad checks and supplemental fees charged to individuals who utilize such methods of payment.
- According to DOR, the number of fees collected for the noting of liens and other changes to certificates of title in 2007 was 790,745. DOR indicated that the number was substantially higher in 2008 and would be considered an outlier.
- The number of fees collected for the noting of or transferring of liens or encumbrances remains constant at the 2007 level in subsequent years.
- The increase of state revenue is estimated to be \$395,400 per year ($790,745 \times \$0.50 = \$395,373$).
- According to DOR, the initial issuance of new metal plates is approximately 4,200,000 under current law, with an average yearly production and shipping of plates to county clerk offices of

approximately 1,100,000 plates. This currently allows for an approximate four-year cycle.

- According to DOR, by increasing the number of allowable characters from six to seven, an approximate 8,900,000 possible combinations could be utilized. This would allow for an approximate eight-year cycle. As a result, DOR indicates the state could substantially reduce costs related to the production of motor vehicle registration plates.
- Pursuant to Tenn. Code Ann. § 55-6-107(a)(2), the costs of issuing motor vehicle registration plates are paid from the Highway Fund.
- Based on information provided by DOR, the decrease of expenditures from the Highway Fund is estimated to be \$1,718,000 per year.
- Based on other information provided by DOR, all remaining provisions of this bill is not expected to generate a fiscal impact to state revenue or expenditures beyond not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc